

113TH CONGRESS  
1ST SESSION

# S. 1741

To direct the Under Secretary of Defense (Comptroller) to carry out a pilot program to develop innovative consumer financial products that encourage savings and wealth-creation among members of the Armed Forces on active duty.

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## IN THE SENATE OF THE UNITED STATES

NOVEMBER 20, 2013

Mr. MARKEY introduced the following bill; which was read twice and referred to the Committee on Armed Services

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## A BILL

To direct the Under Secretary of Defense (Comptroller) to carry out a pilot program to develop innovative consumer financial products that encourage savings and wealth-creation among members of the Armed Forces on active duty.

1       *Be it enacted by the Senate and House of Representa-  
2 tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Military Savings Act  
5 of 2013”.

## 1 SEC. 2. CONSUMER FINANCIAL PRODUCTS PILOT PRO-

2 **GRAM.**

3 (a) IN GENERAL.—The Under Secretary of Defense  
4 (Comptroller) shall carry out a 5-year pilot program to  
5 develop innovative consumer financial products that en-  
6 courage savings and wealth-creation among members of  
7 the Armed Forces on active duty.

8 (b) OBJECTIVES.—Financial products developed  
9 under this section may be designed to—

10 (1) increase the rate of savings among members  
11 of the Armed Forces on active duty by providing  
12 automatic deposit into a savings account of special  
13 pay and allowances received by such a member, in-  
14 cluding special pay and allowances received on ac-  
15 count of the deployment of the member;

16 (2) reduce the need for high-cost short-term  
17 lending services by providing alternatives to mem-  
18 bers of the Armed Forces on active duty, such as fi-  
19 nancial institutions providing an option for such  
20 members to receive advances on their salary pay-  
21 ments—

22 (A) in a manner that permits such mem-  
23 bers to receive pay in more frequent install-  
24 ments; and

25 (B) under which any interest or fees on  
26 such advances—

1                             (i) does not exceed the rate described  
2                             in section 987(b) of title 10, United States  
3                             Code; and

4                             (ii) adheres to the Affordable Small-  
5                             Dollar Loan Guidelines of the Federal De-  
6                             posit Insurance Corporation;

7                             (3) address obstacles to traditional consumer  
8                             banking and lending for members of the Armed  
9                             Forces with limited credit history; and

10                            (4) otherwise encourage savings and wealth-cre-  
11                             ation among members of the Armed Forces on active  
12                             duty.

13                            (c) NO EXACERBATION OF CREDIT OVEREXTEN-  
14                             SION.—The pilot program carried out under this section  
15                             shall be carried out in a manner that does not exacerbate  
16                             the incidence of credit overextension among members of  
17                             the Armed Forces.

18                            (d) IMPLEMENTATION.—

19                            (1) SELECTION OF MILITARY INSTALLA-  
20                             TIONS.—The Under Secretary shall select at least  
21                             10 military installations on which to implement the  
22                             pilot program.

23                            (2) INCORPORATION INTO OPERATING AGREE-  
24                             MENTS.—A financial institution seeking to begin op-  
25                             erating on a military installation selected by the

1       Under Secretary under paragraph (1), or seeking to  
2       renew an agreement to operate on such an installa-  
3       tion, shall—

4                 (A) agree to offer the consumer financial  
5       products developed under this section; and

6                 (B) notify members of the Armed Forces  
7       that are customers of the institution about the  
8       availability of the consumer financial products  
9       developed under this section.

10       (e) CONSULTATION.—In developing consumer finan-  
11       cial products under this section, the Under Secretary shall  
12       consult with Federal banking regulators with expertise in  
13       depository institutions, Federal agencies with experience  
14       regulating financial products, and consumer and military  
15       service organizations with relevant financial expertise.

16       (f) INDEPENDENT EVALUATION.—

17                 (1) IN GENERAL.—Not later than the date that  
18       is 2 years after the date of the enactment of this  
19       Act, and annually thereafter until the end of the  
20       pilot program, the Under Secretary shall contract  
21       for an independent evaluation of the pilot program  
22       carried out under this section. Such evaluation  
23       shall—

24                 (A) include the degree to which the pilot  
25       program succeeded in the goals of increasing

1           usage of savings products, programs, and tools  
2           among members of the Armed Forces on active  
3           duty; and

4               (B) be conducted by a contractor with  
5           knowledge of consumer financial products and  
6           experience in the evaluation of such products.

7               (2) REPORT.—After each evaluation carried out  
8           pursuant to paragraph (1), the Under Secretary  
9           shall submit to the Committees on Armed Services  
10          and Banking, Housing, and Urban Affairs of the  
11          Senate and the Committees on Armed Services and  
12          Financial Services of the House of Representatives  
13          a report containing all findings and conclusions  
14          made by the contractor in conducting the evaluation.

15               (g) EXPANSION OF PILOT PROGRAM.—Notwith-  
16          standing subsection (a), the Under Secretary may expand  
17          the pilot program, including extending the duration of the  
18          program and expanding the program to make it a nation-  
19          wide program, to the extent determined appropriate by the  
20          Under Secretary, if the Under Secretary determines that  
21          such expansion is expected to—

22               (1) improve the rates of savings among mem-  
23          bers of the Armed Forces and their families; or

1                   (2) decrease the need for members of the  
2                   Armed Forces and their families to rely on payday  
3                   lenders without exacerbating credit overextension.

4                   (h) FINANCIAL INSTITUTION DEFINED.—In this sec-  
5                   tion, the term “financial institution” means an insured de-  
6                   pository institution (as defined in section 3(c)(2) of the  
7                   Federal Deposit Insurance Act (12 U.S.C. 1813(c)(2)))  
8                   or a credit union.

